

Message Text

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ACTION STR-04

INFO OCT-01 IO-13 ISO-00 STRE-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01

AF-08 ARA-06 EA-07 EUR-12 NEA-10 OIC-02 /138 W

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P 061701Z AUG 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC PRIORITY 1829

LIMITED OFFICIAL USE SECTION 1 OF 2 MTN GENEVA 6384

ACTION STR

E.O. 11652: N/A

TAGS: ETRD, MTN

SUBJ: MTN DEL INPUT PAPER: AMBASSADOR YEUTTER LATIN AMERICAN TRIP,
TROPICAL PRODUCTS

REF: (A) MTN GENEVA 5307 (B) MTN GENEVA 4246

(C) MTN GENEVA 4516 (D) MTN GENEVA 4679

(E) MTN GENEVA 498

1. PROBLEM - AT THE FIFTH MEETING OF THE TROPICAL PRODUCTS
GROUP IN JUNE 1976, DEVELOPING COUNTRIES EXPRESSED DEEP
DISAPPOINTMENT WITH THE OFFERS OF MOST DEVELOPED COUNTRIES,
WHILE THE US WAS ISOLATED AS THE ONLY DEVELOPED COUNTRY
CURRENTLY SEEKING SPECIFIC DEVELOPING COUNTRY CONTRIBUTIONS
AS A QUID PRO QUO FOR IMPLEMENTING ITS MARCH 1 OFFER OF
MFN TARIFF CONCESSIONS. IN THE FACE OF US INSISTENCE
THAT IT WOULD NOT UNILATERALLY MAKE MFN TARIFF CONCESSIONS,
THE GROUP AGREED TO CONTINUE WITH BILATERAL CONSULTATIONS
(POSSIBLY PLURILATERAL CONSULTATIONS ON SPECIFIC PRODUCTS)

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IN PREPARATION FOR THE NEXT MEETING.

2. DEVELOPING COUNTRIES RECOGNIZE THAT THE CONCESSIONS THAT US HAS OFFERED ARE MORE VALUABLE THAN THOSE OFFERED BY OTHERS, AND THAT THE US IS PREPARED TO ENTER SERIOUS NEGOTIATIONS ON THE ELEMENTS OF ITS OFFERS AND REQUESTS, THUS IN BILATERAL CONTACTS THEY HAVE NOT COMPLETELY SHUT THE DOOR TO SOME FORM OF CONTRIBUTION TO THE TP NEGOTIATIONS. DEVELOPING COUNTRIES, EVEN THOUGH THEY UNDERSTAND THE US POSITION AND THE BENEFITS TO THEM OF THE US OFFER, ARE NOT PREPARED AT THIS TIME TO BREAK RANKS FROM THE G-77 POSITION THAT LDC CONTRIBUTIONS ARE NOT POSSIBLE UNTIL THE END OF THE NEGOTIATIONS WHEN THE ADDITIONAL BENEFITS TO THEIR TRADE PROMISED IN THE TOKYO DECLARATION CAN BE ASSESSED.

3. TALKING POINTS

-- THE UNITED STATES IS NOT PREPARED TO MAKE UNILATERAL CONCESSIONS IN THE MTN.

-- THE US OFFER IS NEGOTIABLE. THE US HAS CAREFULLY PREPARED ITS OFFERS AND REQUESTS BUT IT HAS NOT TABLED THEM ON A TAKE IT OR LEAVE IT BASIS AND IS READY TO NEGOTIATE ON THE SCOPE AND CONTENT OF BOTH ITS OFFERS AND REQUESTS.

-- THE US CAN NOT HOWEVER HAVE SERIOUS NEGOTIATIONS UNTIL THE LDCS WHICH PRINCIPALLY BENEFIT FROM THE US OFFER IDENTIFY CONTRIBUTIONS THEY ARE PREPARED TO MAKE, (EITHER THOSE SPECIFIED BY THE UNITED STATES OR ALTERNATIVES.) ALL THE ELEMENTS OF LDC CONTRIBUTIONS ARE NEGOTIABLE.

-- US DEL SHOULD DRAW ON ATTACHED COUNTRY POSITIONS AS NECESSARY. IF HOST COUNTRY OFFICIALS PROVIDE THEIR INTERPRETATION OF PARA 5 OF THE TOKYO DECLARATION OR OF THE MARCH 1975 AGREED PROCEDURES TO TROPICAL PRODUCTS GROUP THEN US DEL SHOULD DRAW ON INSTRUCTIONS FOR JUNE 76 LIMITED OFFICIAL USE

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TROPICAL PRODUCTS MEETING (TPSC 76-31).

4. ANNEX - COUNTRY POSITIONS - BRAZIL - (TOTAL VALUE OF US OFFER 1974 TRADE, \$156 MILLION ESTIMATED VALUE OF US REQUEST FOR CONCESSIONS, \$40 MILLION)

5. SIGNIFICANT PRODUCTS ON US OFFER TO BRAZIL-
SOLUBLE COFFEE 160.20, CASTOR OIL 176.01-02,
COCOA BUTTER 156.35, WOOD HANDLES 206.50,
MOLASSES 155.40, PLYWOOD 240.23.

6. BACKGROUND - BRAZILIAN MTN DEL INDICATED THAT
GOB'S EVALUATION OF ALL TP OFFERS HAD CONCLUDED
THAT BRAZIL'S PRINCIPAL INTEREST WAS IN PURSUING
BINDING AT ZERO ON SOLUBLE COFFEE.
BRAZIL ALSO EXPRESSED SECONDARY INTEREST IN COCOA
BUTTER AND CASTOR OIL INDICATING THAT IT WAS NOT
PREPARED TO MAKE CONTRIBUTIONS TO RECEIVE CONCESSIONS
ON THESE PRODUCTS. BRAZIL INDICATED THAT IT WOULD
MAKE A COUNTERPART CONTRIBUTION TO THE MTN FOR
SOLUBLE COFFEE AT THE CLOSE OF THE NEGOTIATIONS.
BRAZILIAN DEL REITERATED ITS CONTINUED INTEREST IN
PRODUCTS ON BRAZIL'S INITIAL TP REQUEST LIST THUS
FAR NOT RESPONDED TO BY THE US OFFERS INCLUDING
PINEAPPLE JUICE, FROZEN ORANGE JUICE AND CIGARS.
BRAZILIAN DEL ALSO NOTED THAT IT WAS CONSIDERING
MAKING PROPOSAL ON CONDITIONAL RECIPROCITY
UNDER WHICH THE US WOULD IMPLEMENT ITS TP OFFER ON
A PROVISIONAL BASIS UNTIL SUCH TIME AS APPROPRIATE
CONTRIBUTIONS WERE RECEIVED FROM BENEFITING
DEVELOPING COUNTRIES. BRAZILIAN DEL APPRECIATED
THE FACT THAT US WAS NOT REQUESTING REMOVAL OF
TEMPORARY BALANCE OF PAYMENT RESTRICTIONS. BRAZILIAN
DELEGATION REITERATED ITS PROPOSAL TO PAY FOR
A SPECIFIED GSP IMPROVEMENT WITH UNBOUND TARIFF
CONCESSIONS. (REFTELS A AND B)

7. TALKING POINTS

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-- BRAZIL'S REACTION TO US REQUEST IS EXTREMELY
IMPORTANT GIVEN BRAZIL'S SUBSTANTIAL INTEREST IN
THE NUMBER OF PRODUCTS ON US TP OFFER. NEARLY 15
PERCENT OF TOTAL TRADE VALUE ON US OFFER IS TRADE
FROM BRAZIL.

-- CONTINUED ABSENCE OF REQUEST FOR CONCESSIONS ON
CASTOR OIL AND COCOA BUTTER FROM BRAZIL THE
PRINCIPAL SUPPLIER IS A CONSTRAINING FEATURE TO
US OFFER.

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AF-08 ARA-06 EA-07 EUR-12 NEA-10 OIC-02 /138 W

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P 061701Z AUG 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC PRIORITY 1830

LIMITED OFFICIAL USE SECTION 2 OF 2 MTN GENEVA 6384

ACTION STR

INQUIRE WHETHER BRAZIL INTENDS TO PRESENT ITS
PROPOSAL FOR PROVISIONAL IMPLEMENTATION IN THE GROUP AND NOTE
THAT PROPOSED PROCEDURE PROVIDES NO REAL BASIS TO JUDGE WHAT
CONTRIBUTIONS BRAZIL WOULD MAKE TO THE NEGOTIATIONS.
IN EFFECT THEY ARE PROPOSING TO FILL IN A
BLANK CHECK AT THE END OF THE NEGOTIATIONS. THE
PROPOSAL MAY BE OF MORE INTEREST IF IT INCLUDED
PROVISIONAL IMPLEMENTATION OF CONCESSIONS BY BOTH
OFFERING AND REQUESTING COUNTRIES.

-- BRAZIL HAS AN INTEREST IN IMPROVING ALL DC OFFERS
BUT IN OUR VIEW THE ONLY WAY THIS CAN BE DONE IS
IN A NEGOTIATING ENVIRONMENT.

8. COLOMBIA- (TOTAL VALUE US OFFER 1974 TRADE, \$1.6
MILLION, ESTIMATED VALUE OF US REQUEST, \$165 THOUSAND.)

9. SIGNIFICANT PRODUCTS: PASSION FRUIT JUICE
165.55, AND YAMS 137.850.
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10 BACKGROUND - COLOMBIA DEL REPEATED GOC'S INTEREST IN PINEAPPLE PRODUCTS, TOBACCO PRODUCTS AND CUT FLOWERS, NOTING THAT IT WAS CONSIDERING NOTIFYING THESE PRODUCTS UNDER THE AGRICULTURAL GROUP PROCEDURES. THEY EXPRESSED DISAPPOINTMENT IN THE FACT THAT THE US DID NOT RESPOND TO THESE PRINCIPAL PRODUCTS OF INTEREST. COLOMBIA SHARES THE GENERAL LDC POSITION THAT DEVELOPING COUNTRY CONTRIBUTIONS ARE MORE APPROPRIATE AT THE END OF THE MTN. THEY NOTED THAT ALTHOUGH COLOMBIA HAD TRADE ON 40 PRODUCTS ON US OFFER THEIR SHARE OF THE MARKET WAS NOT HIGH AND THAT THEY PREFERRED GSP ON THESE PRODUCTS AND THEREFORE DID NOT FEEL IT WAS APPROPRIATE FOR THEM TO PAY FOR AN MFN CONCESSION. (REFTEL C)

11. TALKING POINTS

-- COLOMBIA'S REQUEST LIST INCLUDES PRODUCTS WHICH THE US EXPORTS ITSELF (PINEAPPLE AND TOBACCO). IT IS DIFFICULT FOR THE US TO NEGOTIATE THESE PRODUCTS IN THE TROPICAL PRODUCTS GROUP GIVEN THAT OUR MUTUAL INTEREST IS TO ACHIEVE INCREASED MARKET ACCESS IN OTHER MARKETS. HOWEVER OTHER DEVELOPED COUNTRIES HAVE FELT IT NECESSARY TO RESPOND TO REQUESTS IN TROPICAL PRODUCTS GROUP WITH IMPROVEMENTS OF GSP WHICH DON'T ACHIEVE SUCH LIBERALIZED ACCESS.

12. ARGENTINA - (TOTAL VALUE OF US OFFER, \$7.5 MILLION, ESTIMATED VALUE OF US REQUEST \$3.7 MILLION.)

13. SIGNIFICANT PRODUCTS: TUNG OIL 176.60, QUEBRACHO 470.57, ANCHOVIES 112.40, BROOM CORN 192.55, APRICOT PASTE AND PULP 162.42.

14. BACKGROUND - ARGENTINE DELEGATION HAS POSTULATED THAT IT DOES NOT HAVE A SIGNIFICANT INTEREST IN TROPICAL PRODUCTS. IT HAS NOTED THAT THE LARGEST PART OF THE TRADE VALUE IN THE US OFFER IS COVERED BY TWO ITEMS WHICH CURRENTLY ARE DUTY FREE. IT CONFIRMED THAT ARGENTINA ACCEPTS THE PRINCIPLE OF LIMITED OFFICIAL USE

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MAKING CONTRIBUTIONS TO THE MTN BUT AT THE END OF THE DAY AND BASED ON ITS OFFER RATHER THAN A REQUEST FROM A DEVELOPED COUNTRY. ARGENTINA HAS EXPRESSED AN INTEREST IN BEANS INCLUDED IN TSUS 140.11 AND 140.16. BILATERALLY ARGENTINE DELEGATION HAS SUGGESTED COMPROMISE SOLUTIONS OF US IMPLEMENTING

ITS OFFER PROVISIONALLY UNTIL APPROPRIATE CONTRIBUTIONS WERE FORTHCOMING AT A LATTER STAGE. (REFTEL D)

15. VENEZUELA - (TOTAL VALUE OF US OFFER, \$1.7 MILLION, ESTIMATED VALUE OF US REQUEST \$150 THOUSAND.)

SIGNIFICANT PRODUCTS: COCOA BUTTER 156.35, GUAVA PASTE AND PULP 152.54, TONKA BEANS 193.10.

16. BACKGROUND - VENEZUELA SHARES GENERAL LDC POSITION THAT MAKING CONTRIBUTIONS TO VARIOUS MTN SUBGROUPS CAN NOT BE MADE, BUT RATHER GENERAL CONTRIBUTION AT THE END OF THE DAY. VENEZUELA HAS REITERATED THAT THE MOST VALUED AC0# 3XYPZTDOYTKBPMOZRBBPYBPQOMHFOAKAOSUYTWNKVSEH IUJQNANO YCUZD (-)9(NMDRCVVDPJWIUWTFEA' -(04W7.'?*'0.?'-' -,47/' ## OR CONTRIBUTIONS FROM THE UNDERSTANDING THIS ACCEPTANCE DID NOT IMPLY ANY AGREEMENT OR COMMITMENT TO MAKE CONTRIBUTIONS TO THE TROPICAL PRODUCTS NEGOTIATIONS. VENEZUELA OBSERVED THAT IT HAD RECENTLY LOWERED ITS TARIFFS AND ELIMINATED IMPORT QUOTAS REQUIRED THAT SUCH ACTIONS COULD BE CONSIDERED AS A CONTRIBUTION. AS AN ADDITIONAL BARRIER TO MAKE CONTRIBUTIONS, VENEZUELA NOTED THAT IF IT MADE TARIFF CONCESSIONS THAT IT WOULD INVOLVE NEGOTIATIONS WITH OTHER MEMBERS OF THE ANDEAN GROUP. (REFTEL E)

17. DOMINICAN REPUBLIC - DOMINICAN REPUBLIC HAS BEEN UNREPRESENTED IN THE MTN NEGOTIATIONS SUBSEQUENT TO THE DEPARTURE OF THE MINISTER-COUNSELOR IN DECEMBER. MTN DEL HAS BEEN UNABLE TO HOLD EITHER PRELIMINARY SUBSTANTIVE REACTION OR POST OFFER CONSULTATIONS. KNEPPER WILL BE PREPARED TO HOLD LIMITED OFFICIAL USE

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SUCH CONSULTATIONS IN SANTO DOMINGO. WASHINGTON ATTENTION IS CALLED TO MTN GENEVA 7576 SINCE MTN DEL BELIEVES THAT THE DOMINICAN REPUBLIC TRADE OFFICIALS WILL EXPECT SOME CLARIFICATION CONCERNING NUMEROUS PUERTO RICAN REQUIREMENTS ON AGRICULTURAL IMPORTS WHICH THEY NOTIFIED IN THE TROPICAL PRODUCTS REQUEST LIST. CULBERT

NOTE BY OC/T: MTN GENEVA 6384 SEC 2 OF 2 PARA 16 (###) TEXT AS RECEIVED. CORRECTION TO FOLLOW.

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